

Review of INTERNATIONAL AFFAIRS

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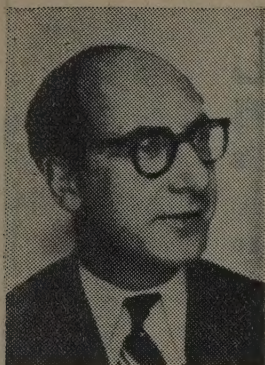
Review of INTERNATIONAL AFFAIRS

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FRANCO-YUGOSLAV FRIENDSHIP

Leo HAMON

SENATOR OF THE SEINE DEPARTMENT

THE friendship between France and Yugoslavia has a long tradition. For Frenchmen over forty years of age the stories of the fraternity of Serbian and French soldiers during the First World War are childhood memories; the identical struggles of the Yugoslav partisans and of the French „maquis“ are memories of our own time; and our policies are still striving for identical aims.

These recurring manifestations of our friendship are not accidental or the result of accidental meetings. They express the constant identity of our interests and strivings.

This identity of interest is to be found in the fact that we do not approve of anybody's hegemony in Europe, that we are threatened by those who might resort to a policy of hegemony, because we both have experienced the horrors of war and the burdens of the armament race. We are equally resolved to defend our independence and to support every action likely to strengthen our security and lead to permanent peace.

I became convinced of this resoluteness of the Yugoslavs to defend their national independence and to seize every chance to contribute to peace when I visited Yugoslavia in 1950 as the first French deputy after the 1948 crisis. And I was happy to find the same spirit prevailing among the Yugoslavs when I again found myself in Belgrade in 1956. However, the progress of time has given a new imprint as well as new contents to our old friendship. The world around us is changing: we were twice united in resistance against what was the greatest danger of hegemony — the German threat. When in 1950 it appeared that another Continental power was displaying a wish to expand its hegemony, we, naturally, again shared the resoluteness to oppose such a tendency. Therefore, no one can be surprised by the fact that — when the methods which seemed to be a threat to us were given up — we were the first to recognize the reality of the changes in the East, the first to rejoice at that and to acknowledge such changes. Our experience teaches us that no balance of power in Europe can be set up without the participation of all European countries, particularly the East European countries and the Soviet Union. We want a complete Europe, because we are all aware that an incomplete Europe cannot provide security, nor can it be in equilibrium.

This identity of the French and Yugoslav policy in as far as their chief aims are concerned makes it necessary for our two countries to establish special ties. The stronger our ties become and the stronger we ourselves become, the more successful we shall be in propagating the general conceptions of equilibrium in the world.

Economic and trade relations between Yugoslavia and France are already well developed, but they must be still further expanded. France's participation in Yugoslavia's fairs and other exhibitions must be increased and our technicians could play a significant role in the development of the natural resources of Yugo-

slavia. After all, the study of French culture is an old tradition in Yugoslavia. Our Yugoslav friends are aware that by encouraging such a study they spread the knowledge of one of the world cultures which will not bring threats of hegemony — either political or economic. The French themselves want other people to get acquainted with their civilization, but they do not want to establish French domination through that civilization.

In France the knowledge of the Yugoslav peoples must be developed so as to enrich the culture of France itself. The recent introduction of Serbo-Croat studies in French universities, and the success achieved by Yugoslav exhibitions in France were a marked step ahead in that direction.

We are aware of the great efforts Yugoslavia has to make in her socialist development, but, looking backward, the culture of France is not only a culture of luxury; it is not restricted only to literary achievements: it is the culture of scientific and technological advances. Paris, therefore, would be glad to see the erection of a Yugoslav pavilion in its Students City, where it receives students from every country, for such a pavilion would symbolize the friendship of the two nations.

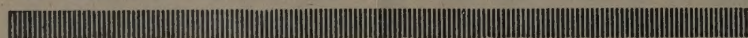
In the present period, we must strengthen our cooperation to the extent allowed by the identity of our views. We consider it necessary to encourage the great changes in the East. Since I personally witnessed the courage with which the Yugoslavs opposed the Stalinist intentions in 1950, I today greet the political courage and wisdom with which Yugoslavia helps and supports the new course of developments in the East. By approving the deep changes occurring there the Yugoslavs do not intend to back up any camp. What they do wish is to work for a world where — through a confidence gradually achieved — there will be no opposing camps ad who can blame them for that?

We have survived the cold war, but we were never parties in that war. Now we want to work for better days. We consider that disarmament is not a utopia; we want to see it realized.

It was in this spirit that a month ago we asked the French parliamentarians to form a Franco-Yugoslav Friendship Society, which was done in less than fifteen days thus attracting a great deal of attention of the French public.

The identity of our political views will increase the importance of Marshal Tito's visit to France, for that will not be an ordinary visit of protocol paid by one head of State to another. For France, which will then welcome one of the great heroes of the Second World War, that visit will not be only a sign of past friendship; and France, which knew how to resist, will revive on that occasion the memories of our joint struggle and to coordinate the two countries' present and future efforts. In that way, Marshal Tito's visit to Paris will not be merely the visit of a war comrade, but the visit of a friend in peace.

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INTERPARLIAMENTARY UNION SESSION IN DUBROVNIK

Vladimir SIMIĆ

VICE-PRESIDENT OF THE FEDERAL PEOPLE'S ASSEMBLY

Owing to the structure of the internal organization of the Inter-Parliamentary Union, the Council is its managing organ. The Executive Committee (composed of 9 members), in addition to its administrative duties, is authorized to submit different proposals which are considered by the Council. The Council itself determines the budget and controls the financial matters of the Union; elects the Union's President and Secretary General, nominates candidates for Executive Committee members, and determines the time, place, duration and agenda of the annual conferences of the Union. On the whole, these were the chief matters which the Council considered this year at its meeting held in Dubrovnik (from April 3 to 8). However, it had also on its agenda several proposals of the Executive Council and a motion by the Soviet Inter-Parliamentary group; This Soviet motion raised the question of the measures to be taken to implement the resolution on international security and disarmament adopted by the Union at its conference in Helsinki in 1955. Other matters discussed were: the universality of the Union and its consequences, the aims and methods of inquiry about the different types of parliaments existing in the world, the stabilization of raw material prices, and the development of the countries and territories of Asia and Africa in the political, economic and cultural fields.

In order to consider all these questions, which affect the political and social life of and the relations within the international community, seven different commissions were formed. These commissions and the Council in plenary worked for five days intensively. This was admitted publicly both by the Presidency and the Bureau of the Union. The Yugoslav inter-parliamentary group was represented at this meeting by an adequate number of delegates, which was not the case at earlier meetings, and thus was able to take part in the work of all commissions.

The Inter-Parliamentary Union has been for some time already undergoing considerable changes. In the last three years the number of member states rose from 34 to 47. This was not accidental, but was the result of the changes occurred in the international situation during the same period. And nothing is more praiseworthy than the fact that the reality of international relations came to expression in this organization which is composed of the political representatives of the different parliaments of the world. The conviction has been strengthened that direct contacts between representatives of different countries, particularly those with different social and political systems, are of great importance, and that is precisely what the Inter-Parliamentary Union always sought to promote. For decades already the Union has been a forum where various international problems of general interests could be discussed in a free and democratic manner. Thanks to such work and procedure, a whole series of appeals and resolutions, often on important and controversial issues, have been adopted unanimously. The Union sets an example of international cooperation, and shows that results can be achieved if its methods of work are adopted in the international field, with these methods work in the Union progressed, it is true, along the line of the least resistance. Controversial and complex problems were evaded — not with the aim of disregarding them completely, but of creating better conditions for their consideration through the unanimous settlement of less complicated issues which would thus lay the material and political basis for the settlement of more important questions. The Union's experience of more than half a century shows that such methods are useful. Two other things which contribute to the success of its work are: the democratic equality of the rights and duties of all its members and the world public opinion as an im-

portant political factor through which the Union, seeks to make its influence felt. The Union exerts a moral and political influence by setting examples showing that results can be achieved, and not by adopting concrete settlement; for in international relations, just as in international law, what is important is not only the way in which a problem is settled, but also how and in what manner its settlement was reached.

Much space would be required to describe the work done in all the commissions and in the plenary meetings of the Council in Dubrovnik. Ten draft resolutions were submitted on the above mentioned questions, and some other problems will be subjected to further study and investigation. Two sub-committees were formed to prepare the necessary material for discussion. The agenda of the Union's annual conference, which will be held in Bangkok, was drawn up. This agenda includes many items and it was decided that the conference should last no less than eight days. However, the best illustration of the work done is the fact that a draft resolution on one of the key problems of international relations — disarmament was adopted unanimously.

There were two draft resolutions on this question, one submitted by the Soviet delegation, the other by the British delegation. The difference between these two resolutions was identical with the differences now displayed at the meeting of the Disarmament Sub-Committee in London. The Soviet delegation emphasized the need to appeal to all parliaments to work for the conclusion as soon as possible, of an agreement on the limitation of conventional armaments and armed forces as well as for the initiation of steps likely to decrease armament expenditures; thus the question of the responsibility of parliaments in the solving of the disarmament problem should be discussed at the conference in Bangkok. The British proposal especially stressed the necessity to take measures which would lead to the creation of an atmosphere of confidence and to a plan of disarmament which would provide for adequate guarantees. In addition to demands for a reduction of all types of conventional armaments in all States, it was also demanded that the experiments on atomic bomb blasts be restricted, and all mass destruction weapons subsequently banned, and that an effective system of international control and inspection be set up. The adopted draft resolution reproduces these two proposals almost in their entirety, so that no essential idea of either of them was neglected.

Apart from this, it was decided that the members of the Disarmament Commission should meet again in September, just before the Bangkok conference, to exchange their views which is essential for a more thorough study of the matter. This decision represents in fact the second part of the draft resolution, and it stresses the need that this meeting should be attended also by representatives of the States which are members of the Security Council.

The rapid increase of the number of the member states of the Inter-Parliamentary Union was the reason for the starting of the mentioned discussion on its universality and on the possible consequences on the consistent application of this principle in its organization. There are certain circles which consider this to be a danger to the Union, although the promotion of this principle has always been one of its chief tasks. In addition to the promotion of the ideas of peace and international cooperation, it is stipulated in the Statute of the Union that its task is to work for the strengthening and development of democratic and parliamentary institutions. This was the reason for the opening — under the pretext of defending the prin-

ciple of universality — of a purely ideological debate. The debate itself was very interesting, but it would be difficult to reproduce it here. What is important is the fact that those circles which wished to present the Union as an organization of the supporters of the Western-type political principles and democratic institutions suffered a defeat. It was stated that the Inter-Parliamentary Union has never had any definite ideological basis. The world should be taken as it is, and not as some people would like it to be. By joining the Union no one gives up the political principles and views he advocates. On the contrary, the parliamentarians of various countries join the Union to be able to defend — their own conceptions in direct contacts with representatives of other nations and in a peaceful intellectual competition — — and to work for the expansion of international cooperation so as to contribute their share to the joint task of all — the consolidation and securing of peace. That this is both useful and possible is shown by the quite long history of the Union, during which, in spite of the ideological differences and political conception of its members, a large number of decisions and resolutions have been unanimously adopted. As it was emphasized at the meeting, this reveals the political, moral and practical conditions and possibilities of peaceful coexistence among states and peoples regardless of the differences

in their social and political system — a fact the political content of which is being grasped by the world public to an ever greater extent.

Thus this long debate ended with the voting of a short resolution affirming the principle of universality, so that the matter will not be discussed at the conference in Bangkok at all.

The question of the admission of the inter-parliamentary group of the People's Republic of China was also discussed at the Dubrovnik meeting. Although in different circumstances this matter would involve only an ordinary legal formulation, it was this time raised as a complicated issue. Instead of resorting to legal formulations on the basis of which this question should have been settled positively, there ensued a great political and procedural battle, due to which the consideration of the problem had to be put off. The voting on the matter was: 23 for China's admission, 32 for the postponement of the issue, and 5 abstentions. As is seen, the victory of this unwise policy was not glorious. Instead of a really democratic attitude, there prevailed purely formalistic conceptions and views. That, after all, involved what is the essential difference between true socialist democracy and the democracy which surrounds itself with formality and the concealing of substance by form.

PROBLEM OF DISARMAMENT AND INTERNATIONAL LAW

Dr. Milan BARTOŠ

PROFESSOR OF THE BELGRADE UNIVERSITY

THE question is whether the problem of disarmament falls within international law, and which rules of international law can be applied to disarmament. First of all, it must be said that there are no special international law rules on disarmament. What rules there are on this matter are to be found among the international law provisions which regulate the restriction of the military sovereignty of States. As it is today, international law stipulates that every State has the right to self-defence and that, therefore, all States can organize their military forces, without which no defence can be put up. However, international law does not provide for any kind of control under which it would be possible to control whether a given State is armed only to the extent necessary for its own defence, or, better said, for the performing of its duties under collective defence. At present every State is free to determine the limits of its own armaments. International law, however, recognizes the possibility of restricting armaments by treaty. It can be said that this method of limiting armaments has been regularly resorted to ever since the Napoleonic wars. In time of war, the winning States impose, by treaty, various restrictions on the military sovereignty of the defeated nations. On the one hand, these restrictions may limit the number and calibre of guns, and on the other, they may impose limitations on the size of the forces to be maintained by the defeated States. The first of these restrictions limits the real military power of States, and the other achieves the same aim by limiting the number of men under arms. These two conventional limitations of armaments have often been supplemented by other less important but often applied restrictions, such as the prohibition to maintain garrisons in definite areas, the obligation to destroy all or some fortifications in specified regions and zones, the prohibition to manufacture and possess certain types of armaments, the obligation to surrender or scrap various types of weapons by the date the treaty is to come into force, and so on. Other limitations of armaments can also be imposed, the most important of which are the prohibition to introduce general conscription and to maintain various military services. In the 20th century, defeated States have often been deprived of their right to maintain a navy or some types of naval units, and sometimes it happened that they were not allowed to have any ships other than patrol boats. Similarly, there have been cases when States were forbidden to have their own airforce or, at least, certain types of aircraft.

The answer to the question why all this cannot be described as a restriction of the military sovereignty of defeated states is to be found only in the fact that the defeated States are not the sole subjects upon which such restrictions are imposed. Limitations of armaments by treaty are often imposed also on newly created States, or on States which are just being granted full independence. Thus, for instance, the Congress of Berlin of 1878 restricted the military sovereignty of Montenegro, a State victorious in war, by not allowing it to have a navy and by giving the naval bases existing on the Montenegrin littoral to Austria-Hungary.

Apart from these limitations of the armaments of defeated and small powers, international law has also recorded restrictions of the armaments of the great powers themselves. In several instances the great powers have, on their own initiative and without any coercion, signed treaties under which they accepted limitations of their armaments. Most often such limitations involved naval armaments, so that the total tonnage, type and number of ships of the national navies of the States concerned were determined. In this connection the tonnage and type of ships of the British Navy was always taken as a basis. In the period between the two wars, treaties of this kind tended to determine the strength of individual navies so that the British fleet accounted for about 40% of the total tonnage of the navies of all other States. Both the Washington and the London Pacts on naval armaments were based on this relation of forces. The States parties to the London Pact — the United States, Britain, France and Germany — undertook for the duration of the pact not to increase their navies over and above a definite percentage of the tonnage of the British navy, and Britain herself undertook not to increase her naval armaments. However, she retained the right to modernize and replace naval units, providing that the total tonnage and the type of ships of her navy are not changed on the whole.

In all these cases it was considered that States whose armaments were limited were not in a worse position than States which had the right to fully exercise their military sovereignty, and thus also the right to unlimited armaments. Under the said treaties, they agreed of their free will — the view that the will of defeated States is free is far from the truth — to restrict their military sovereignty for the duration of the treaties. This means that as soon as the treaties expired their full military sovereignty was restored. That is the legal position of the matter.

However, there has been and there still is a legal tendency in this field which has not yet become a rule. This is the rule of the future, it is not yet a *lex lata*, but a *de lecta ferenda*. Under the Covenant the League of Nations was, just as under the Charter the United Nations is bound to work for the limitation of armaments so that States should not be allowed to arm more than it is necessary to maintain their internal order and to contribute their share to the protection of the world peace and security. The United Nations Charter puts all this on a voluntary basis, and only among its member states. The failure of the Disarmament Conference, at which States were expected to manifest their readiness to accept restrictions of their military sovereignty, erased this expectation from the list of the great hopes of humanity. By signing the Charter in San Francisco in 1945, those political principles which are to become the basis of the banning of excessive armaments were again accepted. Here we, as jurists, must distinguish between two groups of legal rules. The rules which state that a limitation of the military sovereignty of States should be enforced so as to set up a realistic basis for the world armament which would not be a threat to the peace exist already. The Charter determines which organs are to prepare all this. They are the General Assembly or, to be more precise, the Security Council and, within it, the Disarmament Commission as well. The procedure to be followed by these organs in their work has also been determined, but these organs have not been authorized to order and enforce disarmament. The Charter stipulates that the task of the General Assembly is to convene a general conference on disarmament, and that the Security Council and its organs are to prepare the work of such a conference. This means that the United Nations has not assumed the right to determine and control the general disarmament of States, but only to appraise and recommend the necessary limitations, leaving concrete decisions on the matter to a special diplomatic conference at which all the states of the world would, through a treaty, accept a restriction of their military sovereignty in as far as armaments are concerned. In view of all this we can conclude that international law holds that armaments are the prerogative of every sovereign State, and that the international community cannot deprive any State from arming. The States themselves, however, can limit their armaments by agreement. No plan on the limitation of armaments can become binding for States merely by passing it through the Security Council or the Disarmament Commission or even through the General Assembly. What is necessary is to conclude an international agreement or convention between all States of the world, which would establish the rules on the limitation of armaments for every State and provide for sanctions against those States which might violate its provisions. As is seen, international law has not in essence been changed in regard to the problem of disarmament. It has supported and still supports the view that a State cannot be deprived of its right to armament without its own free will, without its consent to undertake contractual obligations on the matter.

The Disarmament Sub-Committee is now meeting in London. It is seeking ways and means to end the armament race and

to reduce the armaments of all countries to a level that would not merely mean a truce between the armed States, but the beginning of a new era in which the military sovereignty of States would be so restricted that their armaments would not be sufficient to enable them to start and wage an aggressive war. Press reports show that the London meeting is still far from any real results, but the atmosphere at its sessions is improving so that it is now being said that after the latest Soviet proposal (which, it is true, affects only conventional armaments, and not the means for mass destruction, i. e. atomic weapons), there is some hope that the members of the Sub-Committee will be able to agree on the principles which will later be submitted to the Security Council for consideration on a new basis. All this is only a preliminary stage on the road towards the settlement of the problem of disarmament. We are aware that this stage is perhaps the most important phase in the whole problem. A great many people and prominent personalities are convinced that such principles could be a basis for future agreements between the Great Powers, and that the smaller States would greet every agreement on disarmament concluded between them. We, too, are of the same opinion, but, even so, we must underline that that would be a step further in the preparation of a settlement, out not in the elaboration of rules on the matter as well. The legal basis of the eventual agreement will and must be based on the principle of the free will of States to accept a restriction of their military sovereignty. As far as we are concerned, the acceptance of such a restriction is possible, and it would not be a revolutionary step, but merely the result of a new legal order which has already been implemented and which undermines the fundamental expression of the military sovereignty of States. Until the signing of the Charter it was considered that a State does not exist if it does not enjoy *jus ad bellum gerendi*, i. e. the right to wage war. The Charter, however, deprived the States from this right, and they undertook not to resort to force or threaten to resort to force in their policy towards other States. Article 2 of the Charter prohibits member states from using force or threat of force against not only other member states, but also all other states. If the banning of the right to wage war except in self-defence has become a rule of international law, it would then be logical to approach the progressive prohibition of the right to possess the armaments necessary to wage an unlimited war. Consequently, the future rules on the limitation of armaments will in essence rest on the full implementation of the prohibition of war, which is already a positive rule of international law. Today we have a paradoxical situation. On the one hand, the States are deprived of their right to wage war except in self-defence and in collective actions of the United Nations, and, on the other hand, they are allowed to maintain the means to fully exercise that right. From the legal point of view, this means that there is a possibility of abusing the right of sovereignty which is manifested through freedom to manufacture and possess arms. To remove this discrepancy it will be necessary to regulate also this matter for that is the only way to implement the rules prohibiting the waging of war.

SMALL EUROPE IN NEW ASPECTS

J. ŽIVIC

THE recent Brussels meeting of the parliamentary organ of the Coal and Steel Community, which coincided with extensive efforts to find and formulate new conceptions of West European integration in accord with the conditions and needs arising from the changing European and international alignment, did not consider only the internal problems of the Community, but also the problems of the possible future course of integration. In this the Assembly limited its discussions to the integration of the six countries and its probable repercussions on the West European economy, while it fully disregarded the functions of such integration on a wider European plane. Two questions were predominant at the meeting — the principles and machinery of the proposed joint market (as is known, a joint market for coal and steel already exists), and the future organization for the exploitation of atomic energy — the Euroatom plan. The resolution adopted at

the close of the meeting concerns only the joint market and, owing to the differences between the Socialist and the Liberals on ownership and control in the atomic pool, and on the question of whether the use of atomic energy should be strictly limited to peacetime purposes or whether to allow the possibility of using it also for military aims; nothing was said about the discussions on nuclear energy.

However, the results of the debate in the Assembly are less important than the fact that Paul Henri Spaak explained informally the fundamental views which had crystallised through the work of the experts who had been asked to study the conclusions of the Messina conference and elaborate them in detailed plans. This group of experts was formed only because the governments of the countries concerned can make concrete decisions, and it is to be assumed that their work is carried out on the basis of di-

rectives from their government, which need not be so, and often is not, when only the attitude and views of the Assembly or of the different private agencies which advocate integration are concerned.

The experts, pursuing their studies, arrived at a number of conclusions on fundamental matters concerning the manner of setting up and the structure of the joint market. This market, in their opinion, should not be an ordinary free zone of exchanges, but a real joint market for industrial and agricultural products based on a custom union. But, obviously, it is impossible to set up such a union all at once, for there are in the six countries considerable differences as far as production and competition are concerned, as well as other general circumstances which influence relations on their national markets which must be brought into harmony. Consequently, a period of 12 to 15 years is considered to be necessary to establish such a joint market without any major disturbances in the individual member states of the Community. This applies particularly to the proposed custom union, which is to eliminate all custom duties between the countries concerned. In the opinion of the experts, this is to be realized by reducing gradually the existing custom duties over the whole period.

In the first year of this preparation period all custom duties would be reduced by 10%, so that subsequent reductions would affect definite groups of articles. In the following three years, the percentage of reduction would amount to 20% — in two periods of eighteen months — so that after four years the custom taxes would be 30% lower than at the beginning. The same system would be followed in the following period of four years, while the remaining 40% would be eliminated in the last phase of the process of setting up the union, i. e. again in four years' time. As far as relations with the countries outside the Community are concerned, the initiators of the joint market do not intend to raise the custom duties with the aim of insulating the Community, but to reduce them progressively; in this connection the influence and the strength of the new union, which would have a market with about 160 million consumers, ought to be the main factor in making such a development possible. Apart from the elimination of custom duties in their mutual exchanges, the setting up of the joint market of the six countries would necessitate further liberalization of trade and the removal of the remaining quantitative restrictions. This, it is proposed, should be done progressively, together with the decreasing of the custom duties.

Since the objective of the proposed joint market is to enable the most profitable exploitation of all economic resources and a proper distribution of the labour force, which may have negative consequences for individual enterprises, the experts propose that a so-called readaptation fund should be created by contributions of the member states. This fund would, in case it becomes necessary to close enterprises pay for about half of the costs of compensation and re-employment for workers, while the other half would be paid by the national government in whose territories such cases occur. Also proposed is a special investment fund, which would primarily be used to assist economic development in undeveloped regions of the Community and for the financing of projects which may prove to be beyond the means of individual countries. It is proposed that this fund should have a capital of one billion dollars, which would be secured mostly on the private money market.

An especially complex problem is the harmonizing of social insurance legislation, for practice in the field of coal and steel shows that different social insurance schemes affect prices and production costs and thus also the mutual possibilities for competition. Since it is practically possible to establish a uniform of system social insurance, the experts are of the opinion that the organs which will be set up to ensure the functioning of the systems on the joint market should intervene only when a serious violation of the principles regulating the relations and the conditions of competition on that market is involved.

Taking the institutions of the Coal and Steel Community as an example, the experts propose that a so-called European Commission should be the executive organs of the joint market which, together with the Council of Ministers, would regulate and control the machinery of the market, and that its parliamentary and judicial organs should be the present Assembly and the Court of the Coal and Steel Community. It is to be noted that the proposed institutions would not be based on a supranational basis, so that they would have strictly defined powers, while the Council of Ministers would be required to make all decisions on important matters unanimously. As is seen, the final aim of the whole action is to create a large joint market and a custom union between France, Western Germany, Italy and the Benelux countries, with free circulation of goods, capital and labour and with united sources of energy.

In regard to the Evroatom plan, the situation is still uncertain. On the one hand, there are differences of views both on the question of whether only peacetime uses of atomic energy should be pursued and on the question of the ownership of uranium, and, on the other hand, there is the problem of relations

with the nuclear energy programs which are being developed within the OEEC. Although it was said at the latest meeting of the OEEC that the said plans are not conflicting with those contemplated by the Coal and Steel Community, and that their cooperation is possible, the tendency of the six countries, which are also OEEC members, to create an atomic pool of their own on the basis of full integration of the sources of raw materials and research institutions, represent a new kind of isolation in the already restricted frame of Western Europe.

As is seen, the governments concerned are soon to define their attitude on questions concerning the joint market and atomic energy. Almost ten months have elapsed since the Messina conference, and it is already possible to discern the outlines of new forms of integration, one of the more important phenomena which have been influencing the development of Western Europe and the relations in Europe in the postwar period. If we look at the specific ways of development a little more closely, we shall see that they involve a shift from the military-strategic and political to the economic aspect of integration. This is, no doubt, the result of the general changes occurring in the international situation and of the influence of the factors striving for the pacification and improvement of the European climate, as well as of the experience of the earlier attempts at integration, particularly of the European Defence Community project, which shows that it would be unwise to insist today on integration in the fields where it could not be realized during the cold war period. Another thing which influenced this shift of emphasis in integration is the awareness that the idea of supra-nationality cannot be implemented without difficulties, for even those governments which are most actively engaged in the development of integration — the governments of Little Europe — display an ever greater reserve towards it, mostly because the expansion of integration to the most important fields of economy would undermine their own sovereignty, and that is what they are not willing to allow. Accordingly, new methods are being sought which would combine the principles of inter-state cooperation with institutions forms, similar to those of the Coal and Steel Community, in which the member governments would have their say.

It can be noticed that there is a close connection between the present discussions and the earlier attempts to retain the narrow limits of the six countries, which is far from representing even Western Europe itself, to say nothing of the general European territory which spreads far beyond such artificial boundaries. As we all know, the conception of Little Europe came into being under definite conditions of the political division of our Continent, and it was the result of an attempt to include Western Germany's industrial potential into the Western bloc in a manner which would be acceptable to France. So far this attempt has led to the integration of coal and steel, while the military unification of the countries concerned was affected through the Atlantic Pact and through the Western Union which lives in the shadow of the Atlantic organization. The community of the six countries remains to exist, and is now to be given a new impulse so that it can expand its action and mechanism. But the new initiatives originate in the same circles, and as a whole retain their exclusive bloc character, striving for the grouping and isolation of States at a time when it is more necessary than ever to start removing gradually all the boundaries created by bloc contradiction in Europe. For they are becoming less and less justified both in the economic and in other fields. Seeing that in the Eastern part of Europe, too, there are certain forms of integration, one can wonder whether it is wise to go on insisting on these separate processes, which can lead to still greater differences between the two sides, and not try to seek at least possibilities for their mutual rapprochement and cooperation where they can really be found — the Economic Commission for Europe — if it is not yet possible to replace the integration of the blocs by real European integration on such principles as would be acceptable to all European States, regardless of whether they belong to one or the other bloc or to neither of them.

One can also wonder to what extent the conceptions of Little Europe are realizable today, because this depends primarily on the balance of power between its two chief partners — France and Western Germany. The possibilities for such a balance within the community of the six nations are now unfavourable for France, which was the initiator of the Community. In the last few years Germany's industrial potential has become stronger than that of France, particularly if we consider the re-inclusion of the Saar into the German economy which undermines the relations established by the creation of the Coal and Steel Community (the steel production of Germany and the Saar is almost twice that of France). Accordingly, France is confronted with a dilemma: whether to seek that balance in wider fields or to combine various other possibilities and forms in order to protect her interests.

THE BAGDAD PACT

L. ERVEN

III

THE Turko-Iraqi Treaty began to be called the Bagdad Pact when its membership was increased, i. e. when Great Britain, Pakistan and Iran joined it. As we have already mentioned, this Treaty was signed on February 24, 1955. Great Britain joined it on April 4, Pakistan on September 23 and Iran on November 3. The first meeting of the Foreign Ministers took place in Bagdad towards the end of November, and it was then that the first organizational structure of the Pact was determined.

Turkey and Iraq were in quite a haste to put the Treaty into force. It was ratified within a few days after its signing. The Iraqi Government, for instance, pushed the ratification through Parliament as early as February 26. This unusual haste, resorted to only in exceptionally urgent cases, reflected the fear of the two countries that a wave of disapproval in the Arab States, which was expected with reason, could cause some indecision in the Iraqi Parliament.

The disapproval voiced in the Arab countries as soon as the first news about the Turko-Iraqi scheme reached them was not, in fact, caused by the Turko-Iraqi Pact as a bilateral agreement, but by the wider combination it was to make possible. At this time the Treaty was not taken, either by its initiators or by any well informed party, as a final act of Turkey and Iraq, but as the initial step in a definite plan for establishment of a wider group which would include both the Arab States and the Western Powers, primarily the United States and Great Britain.

This political plan came to expression in the Treaty itself in two different ways. First through the clause proclaiming it to be open to other States, and, second, through the provision that it is to be implemented only when its membership has been increased to at least four States.

Under Article 5 the Bagdad Pact can be joined by all the members of the Arab League, as well as by any other State interested in peace in that area which might be approved by its member states. The original formulation of this clause — as it was published in the communiqué on the talks between Turkey and Iraq — was somewhat different. According to that formulation the Treaty was to be open to all States which might wish to serve its aims and which can do so in view of their geographic position and the means at their disposal. In the final text, it was changed since it openly alluded to the Western Powers, and since it could have excluded Pakistan, a country which is not strictly a Middle Eastern State and which does not dispose of the means necessary to help realize the aims of the Treaty. But under both formulations the tendency was to include the Arab States and the Western Powers into a single organization. The joining of the Treaty by other States would be welcome, but not essential.

Among the Arab States Egypt took the central place in the plans of the initiators of the Bagdad Pact. For its adhesion to the Pact would have brought the other Arab States into it more easily. Consequently, talks were initiated with Cairo even before the Turko-Iraqi Treaty was signed. The Treaty was concluded in such haste only after these talks broke down due to Egypt's opposition. After wards, Turkey and Iraq tried to attract — through negotiations or pressure — all or some of the Arab States in the Central part of the Near East so as to isolate Egypt. It was with this aim in mind that an official Turkish delegation paid a visit to Lebanon, passing through Syria on their way. However, the cause of the Bagdad Pact was not furthered through the negotiations which took place then. The failure of the delegation in Syria at one time strained the relations between that country and Turkey, and serious incidents between them were hardly avoided. Some time later, Great Britain tried to exert pressure on Jordan, but, owing to the resistance of the Jordanian public against the Pact, she had to give up the attempt. As a result, the founders of the Bagdad Pact failed to draw the Arab States

into their plan. And this failure deprived the scheme of all its political value, which was the sharpest blow it has suffered.

Among the Western Powers the initiators of the Bagdad Pact reckoned primarily with the United States, not only because encouragement and support for such an arrangement originally came from America, but also because American participation in the Pact would strengthen its political, military and economic basis. However, subsequent developments did not come up to their expectation. Of the Western Powers only Great Britain joined the Pact. The United States backed away, and only agreed — probably to please the Pact's member states, and not because it considered it necessary — to send an observer. And France thoroughly disagreed with the Pact.

However, this attitude of the Arab States and of the Western Powers towards the Bagdad Pact cannot be taken as final and unchangeable, because the influence of different internal and external factors in the Middle East acts in a very complex way. As things stand today, it can be said that the Bagdad Pact, as an arrangement of collective security in the Middle East, has not succeeded. This is, partially due to its incomplete membership.

The Treaty itself does not provide for any elaborate system of contractual obligations. Article 2 only states that the contracting parties "will cooperate to further their security and defence". How this is to be done it does not say. Besides this, there is only one more provision which imposes definite obligations on the member states, i. e. Article 3, under which they undertake not to interfere in one another's internal affairs and to settle all disputes between themselves by peaceful means, in accordance with the United Nations Charter.

Articles 1 and 2 state that the scope and manner of cooperation between the member states towards the furtherance of their security and defence are to be determined subsequently, by a separate agreement which will provide for the necessary measures to achieve this aim. This agreement was to be signed immediately after the Treaty became effective, and to become valid when signed.

It is now known whether such an agreement, which had to elaborate and define more precisely obligations concerning joint defence, was signed between Turkey and Iraq, but, judging by all, it has not, although more than a year has passed since the Treaty came into force.

As Article 5 states, other countries adhering to the Treaty can also conclude similar agreements. As far as we know, no such agreements have been concluded. Great Britain and Iraq concluded an agreement on the regulation of their relations arising from the Iraqi Anglo-Iraqi Treaty, which was superseded by this Treaty. But this agreement was not signed within the framework of the Bagdad Pact, since it was concluded before Great Britain adhered to it. Accordingly, no separate agreements have been signed between the member States, although under the Pact they were to be the basis of contractual obligations through which they would be linked and obliged to cooperate as regards their security and defence.

One could therefore conclude — naturally, if there are no secret treaties, which does not seem probable — that the Bagdad Pact, in spite of all the influence it has exerted on the relations maintained by its member-states with other countries, which was negative, and in spite of the consequences it has produced in the Middle East, has not yet been realized, i. e. its member-states have not yet undertaken any concrete obligations. Accordingly it has been so far a political declaration rather than a real Treaty. As it was conceived, the Bagdad Pact was to be an inter-connected system of separate bilateral or multilateral agreements with a Permanent Council as its joint organ. Such a system was original to a certain extent, and its flexible form fully corresponded to the specific conditions in which the Bagdad Pact was to act, all the more so if the plan to include in it all the Arab States and America were realized. A system of bilateral agreements within a joint organization fully corresponded to the methods of American policy

in the general Western system of collective security. It is therefore probable that the suggestion for such a system came from America itself. Regardless of whether this is correct or not, the system of bilateral agreements within the Bagdad Pact has lost all its practical value, as the United States did not adhere to it. Accordingly, it can be assumed that its provisions for separate agreements were neglected owing to their little practical significance.

The contemplated bilateral agreements on joint defence and security were to be the foundations of the Bagdad Pact system. It was to have a permanent Council of Ministers as its joint organ. This was provided for by Article 6.

After the first meeting of the Bagdad Pact representatives in November 1955, its organizational structure was determined. A Council of Foreign Ministers was instituted as its highest body, and is to meet regularly twice a year. This Council delegates members to a Permanent Committee, and a General Secretariat was also organized, which, in addition to a general administrative section, has two commissions, military and economic.

As we see, this first meeting of the Bagdad Pact countries introduced some changes into the original structure. First of all, the idea expressed in Article 6 of the Treaty, which provided for only a Council of Ministers as a Permanent Committee, and authorized it to determine its own procedure, was expanded. In addition to this Council, a separate Permanent Committee and a General Secretariat with commissions were also formed. The Bagdad Pact thus followed the tradition of the Atlantic Pact, which in a like manner, has built up a wide political and administrative machine on the basis of a general and brief provision. Seeing that no bilateral agreements were signed between individual member states, as provided for by Articles 1, 2 and 5, and that a much wider centralized organization than provided for by Article 6 was set up, it can be concluded that the Bagdad Pact is not a system of bilateral agreements with a Permanent Council, i. e. a coordinating body as originally planned, but a single centralized organization similar to the Atlantic Pact, from technical and functional points of view naturally, in different proportions. The idea of bilateral agreement seems to have been given up completely. Future developments will show whether this impression is correct or not.

On the other hand, all member states, with the exception of Great Britain, perhaps, originally expected the Bagdad Pact to be an instrument of joint defence, i. e. an organization of a military character in which they would be sided militarily and materially, particularly by the United States. This expectation, however, has

not been fulfilled owing to the persistent refusal of the United States to join the organization. At the November meeting of the Pact some member states declared, and the other probably shared their view, that the expenditures on the organizing of military defence were beyond their possibilities. It was shown that the strongest link between the member states in the military field was the American military mission, although its government is not a member of the Pact. The conditions of direct military as well as of other material assistance do not differ at all. If such assistance is to be received from the United States it will come on the basis of bilateral arrangements — not within the Pact, but outside it, and, accordingly, not in accordance with its own but American plans. Therefore, in the questions of military character, cooperation with the United States becomes more important than cooperation between the member states themselves. No matter how much the military value of the Bagdad Pact may be emphasized by its members, the pillar of that value is not the Pact itself, but the United States.

One more thing which is perhaps worth emphasizing is the attitude which the British delegate took at this meeting when he stressed the economic significance of the Pact. As he said, its organization must not be only military but also economic in character. In economic cooperation it is necessary to combine the experience of the Western countries with the enormous natural wealth of the Middle East so as to accelerate the economic development of that region. Cooperation with the International Bank for Development and Reconstruction and with UNICEF was also mentioned, and Great Britain itself promised technical assistance in the field of nuclear research.

Although the emphasis on economic matters in organizations of international cooperation is, in essence, a positive idea which is being given an ever more prominent place in international politics, the British suggestion made no impression on some of the member states. This was due partly to the underestimation of the military significance of the Pact on which these members particularly insisted, and partly to the fact that other members expected the Pact to bring about, not the organizing of their mutual economic cooperation, but direct economic assistance.

Considering the development of the Bagdad Pact so far, as well as the consequences it has produced, it is possible to draw certain conclusions — if not about its future development and its future generally, at least about its significance under present circumstances.

(to be concluded in the next issue)

EXPERIENCE FROM INDO-CHINA

Jurij GUSTINČIĆ

IT is frequently being said that the French Government has lost much by refusing to accept Ho Chi Minh's extended hand in 1946 when he was ready to be friendly with the French. What could have been achieved then without the bloodshed and losses that subsequently accompanied the military defeat of the "French" Foreign Legion and the expeditionary corps, is about to be achieved now, under changed circumstances. An agreement with Ho Chi Minh would, naturally, mean the loss of the entire Indo-Chinese territory, but it would arrest the process of development which, with the urging of various foreign powers, led not only to the sharp division of Viet Nam, but created also latent sources of war danger in that country.

In the opinion of those who consider inter-connected military blocs to be the chief source of danger — and this is increasingly being recognized by France herself, although she is a member of several international military formations — an agreement with Ho Chi Minh at that time would have been of great importance also because it would have been a formidable obstruction to the setting up of the Southeast Asian Pact. For although none of the states of Indo-China are members of that pact, from which they are barred by the Geneva Agreement on Indo-China, there is no doubt at all that the sharpened situation and the gradual division of Indo-China were the reason for the formation of that problem-

atic military force which does not enjoy any particular popularity in Asia.

In politics it is necessary to point out all omissions which fail to contribute to the experience of politicians and to their readiness not to repeat mistakes in the future. Now no one can say that the responsible people have learned any useful lessons in Indo-China. In the days when defeat after defeat was suffered by the French forces which had to fight not only a united enemy — North Viet Nam, but also against corruption and demoralized politicians in the South, there appeared a statesman in France who was bold enough to admit defeat and use it to improve the French foreign political positions generally. If the Geneva Conference had not progressed as it did, and if the French policy had not been changed in that Asian country, the present concentration of France's diplomatic activity in North Africa would not be possible. This concentration of attention in the North African regions is not the only positive result of the changes in the French foreign political views, however. Among the results of these changes we must also include the more realistic attitude which France has taken in Indo-China itself.

The French policy of force was not successful in any part of Indo-China. It led not only to the closer unity of North Viet Nam, but it gave a good excuse to Dinh Diem, an able demagogue

to adjust his policy to the United States' views. Consequently, the policy of force ended in a frontal and full stagnation of French actions in Indo-China and, with that, in the whole of Southeast Asia as well. But since the French policy began to seek new forms of cooperation, France has created at least one possibility — to establish contact with Ho Chi Minh. Instead of friendship with the former protégé in the South — if we take the word protégé to mean not Dinh Diem himself, but Saigon as a "symbol" of the free world — there are now signs of a possible friendship and exchanges with France's former enemy in the North. Thus, Ho Chi Minh again appears in the plans of French policy, but this time as the acknowledged leader of a new state.

The question now asked is whether, in view of the increasingly pro-American policy of the Dinh Diem Government, friendship with Ho Chi Minh, would not be an ordinary shift in relations with the Indo-Chinese states, which, for France, have become relations with foreign countries (even Laos and Cambodia are no longer regions of exclusive French influence, and Cambodia itself is making growing efforts to affirm itself as an independent state). However, it seems that the strengthening of the independence of individual regions of the once semi-colonial Indo-Chinese territory and their orientation towards coexistence and peaceful settlement of disputes, create the best chances for the Frenchmen. Their positions are becoming stronger in regions where true independence is being developed. For both North Viet Nam and Cambodia — the situation in Laos is very uncertain — wish to maintain a balance, and that is possible only if they establish good relations with Paris, on a new basis of course.

Although no one should underestimate Dinh Diem's position, which, with American help, has been considerably strengthened (although the "free elections" in South Viet Nam could be criticized on many accounts), the establishing of closer ties between the most united state of Indo-China — Northern Viet Nam — and Paris, would be more than an ordinary counter-balance to the Dinh Diem-USA alliance. Since the new French policy is for the implementation of the decisions of the Geneva conference concerning free elections in Viet Nam, and since it considers such elections to be a chance to check Dinh Diem's power so as to counteract the danger of being drawn into sharpening contradictions on his account, it can gain far greater sympathies among the people than America can even hope for as long as she continues to insist on military arrangements and pacts. The strengthening of contacts which Guy Mollet now offers to Ho Chi Minh can, therefore, be of a twofold benefit. First it can lead to France's reappearance in Southeast Asia and to the strengthening of her influence there — but under new conditions acceptable to the countries of that area and in their interest; second, it can create a possibility for the implementation of the Geneva Agreement, although perhaps with some delay. Furthermore, France's action in this direction may have a considerable influence on the attitude of other great powers too. It would be difficult to imagine that talks between the presidents of the Geneva Conference — an Englishman and a Russian — could have been planned if this initiative had not been taken, i.e. if the forces interested in the implementation of the Geneva Agreement had not been consolidated to so great an extent. Judging by the latest reports, British-Soviet talks about a new conference or about some other steps to enforce the provisions of the Geneva Agreement may take place in the near future.

FREEDOM OF INFORMATION AND UNO

Ratko PLEJIC

TODAY, when favourable development of the international situation is creating new possibilities for the settlement of the various problems before the United Nations, it becomes necessary to reconsider carefully the state and prospects of the so-called problem of the freedom of information. There are several reasons for this.

The problem of the freedom of information was included in the United Nations agenda during the cold war as a political problem connected with the relations between the East and West, and remained for years the subject of mutual accusations and mistrust among the main rivals in the United Nations. The Western Powers, headed by the United States, demanded that the United Nations work for the abolishment of all restrictions hampering the flow of news, and for the establishment of a regime of "open doors". In contrast to this, the East European countries were of the opinion that the core of the problem was in the prevention of the spreading of news contrary to the aims of the United Nations. They attached a primary importance to the principle of responsibility in the gathering and transmitting of news, which, at the same time, justified both the control of and the banning of news from abroad. Consequently, in spite of all the energy and efforts it devoted to this problem the United Nations could not achieve any concrete results.

It is not difficult to see that the results in this matter will continue to be poor and conflicts unavoidable, if discussions are continued on the basis of the same positions. It would not, however, be realistic to expect and demand any side to change radically its views on the problem of informations; that, after all is not necessary.

If the problem of the freedom of information is to become, not a subject of of discord, as it is now, but a subject of international cooperation, it is necessary to start from the idea that the significance and the position of the information services reflect the specific conditions, the history, the social order, the development etc of a country. The uniform regulation of the status of foreign correspondents and foreign information enterprises as well as of the gathering and spreading of news, as requested by the countries having developed media of information, would infringe a very delicate sector in the internal affairs of

states. The principle of responsibility as it is understood and applied by some countries, is not acceptable to other countries on account of their traditions and of the development and the economic and political position of their information enterprises. At present, no one can say when the necessary points of contact will be found which will enable these problems to be solved on the basis of uniform international standards. For the time being this is a matter connected with the internal evolution of each country (for most, of them, depending also on a higher degree of economic development) and not a matter which can be the object of international programmes without any limitations.

It is, therefore, necessary to determine what is of international significance and interest today in the complex problem of the freedom of information. Let it be mentioned in passing that the United Nations has never made a serious attempt to distinguish between freedom of information as an international and freedom of information as an internal problem of individual states. The United Nations Secretariat itself, which, by its structure and role, usually acts in this direction, has considered the problem as a matter of international legislation without any limitations whatsoever. That is why it has been constantly showing a tendency to draft various agreements and conventions on the most diverse, often peripheral, questions, and that also explains why the United Nations officials and specialized agencies lacked the necessary notions and initiative for a more realistic and concrete action in the sphere of information.

The answer to the question of what is of international significance in the problem of freedom of information cannot be arrived at on the basis of abstract criteria. As in all the other questions of international concern it is possible to determine the international aspect of freedom of information only when taking into account all the conditions of the present day world, the degree of international cooperation and the trends of this cooperation in the future.

The material discrepancies which characterize the world of today are felt also in the sphere of information. Unlike the countries with highly developed media of information, only extremely modest information possibilities are available to most countries. A considerable number of countries are practically without any

information enterprises, so that their citizens are informed, even about events in their own country, only through foreign agencies and news from abroad.

The history of the problem of the freedom of information before the United Nations leads us to the conclusion that at the present stage, this problem must be considered from the point of view of the development of the underdeveloped countries and their participation in the international exchange of information. Despite the fact that the problem of the freedom of information was first taken up as a political problem in East-West relations and considered on the basis of bloc positions, its material and economic aspect is gradually appearing. This trend is of particular importance when one remembers that at the Geneva Conference of 1948, which was considered the most important event in the history of the problem of information, the material and economic aspect of the problem was relegated into the background and hardly mentioned. The concept of "the open doors", which dominated at that Conference, was — owing to political considerations — supported by a considerable majority of delegates. But the first attempts to implement the decision of the Geneva Conference caused a great deal of concern motivated by the supremacy they conferred to the countries with developed media of information. Since then the prevailing opinion has been that no system of free flow of information can be contemplated as long as there are such big differences between the media of information of the various countries. At the Seventh Session of the General Assembly this view was officially supported by the countries with poorly developed media of information.

Although these countries were not sufficiently united in their action (which can easily be understood when taking into account the circumstances under which their position was reached) the attitude of the less privileged members of the international community was reflected in the decisions taken by the United Nations. Last year the Economic and Social Council decided that an inquiry should be conducted on the state of the media of information existing in the different countries, and on existing measures and plans for the development of information media. Furthermore it decided to gather the recommendations and suggestions of Governments regarding possible international action for the

development of information media in under-developed countries. This inquiry will be conducted by the United Nations Secretary General in consultation with UNESCO. The secretary general will then submit to the Economic and Social Council the elements of a programme of concrete action and measures on the international plane which could be undertaken for the development of information enterprises in underdeveloped countries, with an evaluation of the material, financial and professional requirements and resources for the implementation of this programme".

One detail of this decision is symptomatic for what has been said above. No date was fixed for this inquiry or for the drafting and submitting of a report to the Social and Economic Council. The question of the material basis was given priority, but the old positions and views still oppose a new, constructive approach to this problem.

In the year elapsed since then, significant international manifestations have been recorded in favour of the view that the development of the underdeveloped countries should be helped and accelerated. It would be in keeping with these manifestations to approach the problem of the freedom of information from the point of view of the development of information enterprises in under-developed countries. To go on supporting the old views would be a political anachronism, as that would mean the continuation of differences in a distinct field at a time when general efforts are exerted towards the improvement of international relations. It would also be contrary to the interests of the majority of the countries for which the development of information enterprises is an important factor in their general development. Finally, the development of information enterprises in under-developed countries would be in the interest of all other countries, because that is a prerequisite for the flow of news at a higher level and for the opening of a "world market" for the mutual exchange of information between nations.



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ORGANISATION OF STATE ADMINISTRATION

Dr. Jovan ĐORĐEVIĆ

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THE Yugoslav Government administration consists of federal, republican, district and municipal organs of administration (and of the administrative organs of the autonomous units in the People's Republic of Serbia). The basic characteristic of these organs is that they are organs which regulate administrative affairs within the jurisdiction of the Federation, People's Republic and local self-government units, which means that they are the executors of laws and decisions of representative bodies and executive organs of these constitutional legal bodies. However, all administrative organs are bound at the same time to carry out and implement federal and republican laws, economic plans and other decisions of People's Assemblies and Executive Councils. In the execution of these uniform and central norms, the republican, district and municipal administrative organs retain their position and are placed under the direct control of the republican assemblies and executive councils.

The Yugoslav government organisation and administrative system abolished all "beaten tracks" in the organisation of authority. Thus the Federation and the People's Republics deal with all questions within their jurisdiction also through the republican organs of authority, namely through the People's Committees as the fundamental district and municipal institutions. Except in the field of foreign affairs and national defence, the Federation, namely the People's Republic, deals with all affairs for which it is competent on the territory of the Republic, and of the local community through the autonomous organs of authority, i. e. local autonomy. This applies even to those affairs which the Federal Constitution refers to as within the "exclusive competence of the Federation" while the new Federal Law on Government Administration refers to them "as questions of general interest for the Federation and or the People's Republic".

In view of such a structure and constitutional legal status of government administration it is understandable that the organisational and functional unity of the government administration as a whole had to be sought elsewhere. Such a course is in a certain sense more difficult and complex and had to be covered in two new directions: first through the establishment of uniform constitutional principles for the organisation of government administration at all levels, and second, through a more or less detailed elaboration of the mutual relationship between the federal and republican administration as well as between the republican administration and the People's Committees. The fundamental postulate for the solution of these problems is provided by the Federal Constitutional Law, the republican constitutional laws, and legislation enacted in the 1953/1955 period. The new federal laws on state administration and federal organs of administration work out, supplement and at the same time complete the fundamental problems relating to the organisation of government administration and the relations between the administrative organs by means of an internally coordinated legal system.

2. A relative variety of different forms is characteristic for the structure of the federal and republican administration. The constitutional laws foresee the following forms: state secretariats, independent administrations and administrative institutions and other "independent organs of administration". The Law on Government Administration introduces the following independent organs: secretariats of the executive council, committees, directorates, inspectorates and commissions. In fact all these organs also existed previously in a more or less developed form. They have been more precisely defined of late and have been set up as component parts of a rationally conceived administration.

Contemplated from the standpoint of classical parliamentary or government rule the functions and status of all these organs of administration are lesser than those of ministries. As distinct from ministries, the federal and republican organs of administration in

Yugoslavia are rather administrative than politico-executive bodies. The state and executive council secretariats constitute the basis organs of administration, since as a rule they cover all administrative affairs within the jurisdiction of the Federation and the People's Republic. With some exceptions the other administrative organs are placed in one way or other under the supervision of a State secretariat or Executive Council. Although belonging to the same type of administrative organisation, the State and Executive Council Secretariats differ in some aspects. The State Secretariats are founded for those branches of administration which are wholly under federal or republican jurisdiction or in which the affairs of one branch of administration are" to a notable extent within the jurisdiction of the Federation or the People's Republic and are dealt with by the appropriate republican, district and municipal organs of administration". The Secretariats of the Executive Council are established for the regulation of administrative affairs in those sectors in which the competence of the Federation, namely the People's Republic is of notably smaller scope so that the conditions for the creation of State Secretariats are lacking. The purpose of these definitions is to justify the creation of State Secretariats, and particularly to adjust the organisation of administration to the reduced administrative functions of the Federation and People's Republic. Apart from this, the difference between the State and Executive Council Secretariats lies in the fact that the former is established by law and the latter by decree (subject to confirmation by the Assembly), that the former is invested with more independent legislative powers (the State Secretariats are legally entitled to edict regulations, ordinances and instructions, while the Executive Council Secretariats may edict these regulations only when granted special powers); a Secretary of State is the highest administrative political official, while the highest rank of an Executive Council Secretary in Under-Secretary of State (this being the rank of Deputy Secretary of State); and last, that the Executive Council Secretariats discharged the internal technical functions of the Executive Councils while being invested at the same time with an independent administrative scope of competence and powers. In view of the foregoing, the Executive Council Secretariats are a component part of the organisational structure of the Executive Councils and are therefore less independent than the State Secretariats.

The committees are new administrative organs; they are concerned with the settlement of matters of common interest for the organs of administration and institutions in a given economic field and the execution of given administrative affairs within the jurisdiction of the Federation, namely, the Republic. The Committee may have the position and powers of a State Secretariat. The Committee deliberates at a session of the collegiate body but the President of the Committee may also be invested with individual independent powers. The other administrative organs are concerned with the regulation of certain affairs which are not within the jurisdiction of the Secretariats when certain objective conditions exist therefore. Taking this as its starting point, the law defines and determines the status and powers of these administrative organs.

Boards are formed when certain administrative affairs require a specially organised service and independence in the regulation of affairs. Directorates are semi-administrative organs and semi-economic and business enterprises. Directorates are founded when the necessary interconnection of administrative and economic affairs exists while their regulation requires a specially organised independent service. Administrative institutions (Boards, Institutes, Bureaus, Offices etc) are bodies which simultaneously study, examine, analyse and even scientifically work out certain problems of public or government interest and deal with certain administrative affairs which may be connected with their field of activity.

The preparation and drafting of economic plans, and the statistical service are organised in the form of such institutions.

Inspectorates are established for exercising direct control over the enforcement of the law and other regulations by the institutions, organisations and citizens when these supervisory functions require a specially organised service, and independence in the enforcement of these powers.

Commissions are collegiate bodies entrusted with the regulation of certain administrative affairs of interest for two or more administrative organs, namely for independent institutions and organisations, or those affairs which belong to the jurisdiction of individual independent organs of administration which by their nature require collective deliberation.

All these administrative organs may be independent and not form part of the organisational structure of the Secretariats, while Directorates and Inspectorates may be component parts of the Secretariats while enjoying a specific degree of independence. It is otherwise characteristic for all administrative organs that supervision over the legality of their work and the general supervision over the discharge of their functions is entrusted to the Secretariats, in so far as some of these organs are not under the direct supervision of the Executive Councils. On the other hand all these organs are invested with a markedly narrower material and legal powers for the regulation of individual administrative affairs. They are not entitled to bring binding acts not specially authorised by law or decree, and can only exceptionally be legally entitled to lay down new rights and obligations which are not stipulated by the laws and regulations of the Executive Council.

The competence of the State Secretariats and other administrative organs is also defined by laws and regulations enacted according to the latter, and within the scope of competence determined by law or an Executive Council decree. The general functional privileges of administrative organs consist in the enforcement of relations "and the supervision of this enforcement". The direct implementation of regulations implies the conduct of administrative procedure, the enactment of ordinances and other individual instruments, the implementation of administrative measures, as well as the enactment of those regulations for which the respective organ is authorised. The function of supervision primarily implies documentation recording, technical cooperation and extension of technical assistance. The Law on Government Administration defines the supervision of the enforcement of the law and regulations as the "control of their implementation by all the administrative organs concerned, whether they are implemented at all and in what way, the giving of instructions for the application of regulations, the exercise of supervisory powers as regards the legality of acts, the publication of technical instructions for the work of administrative organs and the granting of expert assistance."

In addition to the foregoing administrative organs, particular attention should be called to the Councils. Councils are executive administrative organs, namely, bodies which discharge certain political, executive functions as well as some affairs of government administration in those fields in which social management has been

introduced (education, culture, science, public health, social services etc.). The jurisdiction and powers of the Council as a collegiate body and the Council as an administrative body have been precisely delimited provided the enactment of regulations and other principled decisions represents the exclusive right of the collegiate organs and that the Secretariat is in that sense required to carry out these regulations and acts. The Council as a collegiate organ consists of the President and members who are partly nominated by the Executive Council and partly delegated by the social institutions, technical and other associations concerned. In the regulation of administrative affairs the Council is invested with the status and powers of a republican State Secretariat. The Council differs from the State Secretariat in several respects, however. First, the State Secretariat is based on the principle of individual, and the Council on the principle of collective leadership. Second, the Council also has certain executive powers and therefore assumes certain functions of the republican Executive Council and achieving a higher degree of independence in this respect. Third, the Council is a government social organ because one part of its members consists of delegates of independent organisations and institutions. Fourth, the Council deals with certain questions of general interest for institutions under social management.

The so-called specialised Councils are another form of Councils. The latter either belong to the Executive Council or Secretariat. They are collective bodies consisting of experts and civic leaders. The Councils prepare individual proposals and drafts on which the Executive Councils deliberate. The Councils broaden the circle of citizens who take part in the execution of administrative affairs, extend the competence of the administration and link the administration and Executive Councils with the opinions, interests and tendencies of independent institutions, associations and the public in general.

3. In view of the well-known principle of the Yugoslav Constitution that the mutual relations of the federal, republican, district and municipal organs of administration are not based on hierarchic and relations between subordinate and superior but on mutual rights and duties determined by law, the Law on Government Administration elaborates and defines these rights and duties while emphasising at the same time that these relations are based on free cooperation, exchange of experience, and technical assistance and stressing the right of every administrative organ to put forward proposals for the organisation and regulation of the respective service, and the promotion of the technical activities of all government organs belonging to the same branch of administration. The provisions elaborating the mutual relations between administrative organs in the regulation of affairs within the exclusive jurisdiction of the Federation, and other affairs of general interest for the Federation and the People's Republic, are especially characteristic for this Law. The Federal Law foresaw the possibility that the federal administrative organs may abolish or annul the illegal acts of the republican administrative organs only in affairs within the exclusive jurisdiction of the Federation. This was and remains the only case of "vertical control" exercised by the federal administration over the administration of the Republic. While retaining the general system of relations between these organs which provides for technical cooperation and supervision of legality which is limited to the notification of the republican Executive Council of certain illegal acts, the new Law on government administration, in affairs within exclusive jurisdiction of the Federation and affairs of general interest (financial supervision, criminal affairs basic statistics, some inspection services entitles the federal organs to send out binding technical instructions to republican organs, demand the regulation of some task from them and carry it out themselves if the republican organ is not capable of doing so, institute disciplinary proceedings against employees working in administrative organs and ensure the fulfilment of individual conditions as regards the technical training of the employees engaged on these services. For the same purpose of preserving and determining the constitutional relationship between the Federation and the people's Republic, the Law laid down the general norms on the exercise of inspection powers and provided that only by law, and decrees, brought on that basis can the republican, district and municipal organs of administration which will deal with affairs of the exclusive jurisdiction of the Federation and affairs of common interest be established. Last the character of mutual rights and duties between the federal and republican organs of administration derives from the postulate of the new Law on Government Administration according to which the republican organs, as well as the district and municipal organs are entitled to lodge complaints and submit objections against all regulations and instruments (apart from those in administrative procedure) brought by federal or republican organs.

Taken as a whole the purpose of the elaboration of the mechanism of relations in a State based on the federal principle and that of local autonomy, such as Yugoslavia, is to ensure the



functioning of the State Administration in such a uniform and interrelated manner, as to prevent arbitrary tendencies, indifference, vagueness and breaches of legality in the enforcement of the law, while also ensuring the necessary degree of freedom and autonomy so as to preserve the constitutional rights of the People's Republic, and local self-government and develop the indispensable human contacts, agreements and unity of responsibility and consciousness of all officials and employees irrespective of the position they occupy. Consequently these relations are inspired by an essentially anti-hierarchic and anti-bureaucratic principle according to which, as stressed by Vice President Kardelj in his report on the Law on Government Administration "no one not even the highest administrative organs, are right if they are not right, i. e. if they do not act according to the Law, and to the powers vested in them".

II.

1. The Law on Government Administration provided the concrete organisational basis of the federal Government Administration. The number of State Secretariats has not been increased so that the present federal administration retained only five State Secretariats, three of which have been established previously (foreign affairs, national defence and administrative affairs) while two were newly created (for finance and commodity traffic). In accordance with the foregoing, two State Secretariats have been abolished (for economic affairs, for general administration and budget). The affairs which were formerly within the jurisdiction of the abolished State Secretariats were transferred to the newly established State Secretariats and partly to the new Secretariats of the Federal Executive Council.

The Federal Executive Council had fourteen Secretariats although some of them were only in their initial stages and almost all Secretariats actually represented internal specialised services. Most of the Federal Executive Council Secretariats were established beforehand (for legislation and organisation, for industry, agriculture and forestry, transport, and communications, labour, education and culture, judiciary affairs, information). Two Secretariats are new (for general economic affairs and general administration) and two were formed by the division of one of the existing Secretariats (for public health and social affairs).

The newly established Foreign Trade Committee, as well as the Federal Institute for Economic Planning, the Federal Statistical Office, and the two independent commissions (for nuclear energy and religious affairs) have been placed under the direct supervision of the Federal Executive Council. Most Boards and all Directorates are part of the State Secretariats (the State Secretariat for Finance includes: the federal Board of Revenue and the Customs Directorate; the State Secretariat for Commodity Traffic includes: the Raw Materials Board, Board of Food, and Directorate for Measures and Precious Metals). The other Boards (for Civil Aviation, Maritime and River Shipping, and Roads) are independent, while placed under the supervision of the Federal Executive Council Secretariat for Transport and Communications. The Inspectorates enjoy a more or less equal status: some are part of the State Secretariats (financial, exchange and market inspectorates) while others are under the supervision of the Executive Council Secretariats. The administrative institutions, with the exception of the Institute for Economic Planning and the Bureau of Statistics enjoy an independent status under the supervision of the respective Executive Council and or State Secretariat. The Commissions retained their independent status, but the final decision as to whether they will be autonomous in the discharge of independent specialised functions rests with the Federal Executive Council. Beside the existing specialised Councils of the Federal Executive Council (legal council, health council, council for physical education) a Council for communal affairs and urban development of the Federal Executive Council and Council for Planning Methodology attached to the Federal Institute for Economic Planning, have likewise been created.

2. The concrete organisation of the Administration in the People's Republics corresponds to the organisation of federal administration with the appropriate differences and specific characteristics which derive from the very jurisdiction of the People's Republic.

Apart from three State Secretariats (for home affairs, for finance and judiciary affairs), the administrative jurisdiction of the Republic is concentrated in the Executive Council Secretariats. Generally speaking the republican Executive Council Secretariats essentially correspond in type and competence to the Federal Executive Council Secretariats. The republican Executive Council has no Secretariats for those branches of administration for which Councils and State Secretariats have been established (education, culture, public health, social affairs, judiciary affairs). The repub-

lican Executive Council has a Secretariat for communal affairs and urban development but does not possess a Secretariat for information (the respective information bureaux are usually attached to the Executive Council). Most Boards and Directorates, except these which discharge independent functions and deal with specialised affairs, are part of the State and Executive Council Secretariats (particularly in the sector of agriculture and forestry in which the Republics maintain the greatest part of these Boards) constitute a prominent characteristic of republican administration. The Republics do not have committees so far and the number of administrative institutions is notably smaller in the Republics than in the Federation. In view of the fact that the commissions were formed for dealing with affairs concerning international relations and other affairs of the exclusive jurisdiction of the Federation, the Government Administration of the Republic largely does not recognize Commissions as administrative organs. The People's Republics did not even establish specialised Councils, although such requirements and tendencies are being felt to an increasing extent.

Last, the opinion prevails that special Councils for education, schools and culture should be formed in most Republics. These Councils would be created by the division of the two existing Councils and assume the position stipulated by the New Federal Law on Government Administration.

The administration of district People's Committees consists of Secretariats as the basic organs of administration as well as of other administrative bodies such as boards, administrative institutions, commissions etc. Some of these Secretariats deal with the enforcement of the law and other administrative affairs of the jurisdiction of the Federation and the People's Republic (secretariats for interior affairs, for financial affairs, for economic affairs, for education and culture, for special affairs and public health). The statutes of the more developed district may divide these Secretariats into two or more bodies the district People's Committees have also retained the right to form other Secretariats and Boards; administrative institutions etc. by statute. The administration of the municipal People's Committee varies according to the level of development and size of the municipality. Apart from a wholly simple structure (a single Secretariat headed by the secretary of the People's Committee) the latter may cover departments, sections, secretariats and other bodies in accordance with the general principles governing the organisation of administration of the People's Committees determined by law and regulations of the Executive Councils.

Last the councils are invested with a special importance in the functioning of People's Committees and their administration. Although executive administrative bodies, the role of councils in administration is far from insignificant as they are to deal with appropriate administrative affairs. Their competence is concentrated, however, in the assumption of political initiative and the implementation of organisational and political administrative measures, the drafting of regulations and measures deliberated by the People's Committee, the control of the work of the administration, the coordination of affairs of common interest for the administration and independent institutions and organisations in the corresponding sector (economic enterprises, cooperatives, schools, hospitals, social institutions, cultural artistic institutions, etc.).

The concrete structure of government administration in Yugoslavia has not been radically changed either in form or principle. The new laws aim at laying more comprehensive and solid foundations for the system of administrative organs and their relations, while not interfering with the constitutional principles relating to government administration, and generalising the positive experience acquired so far in the organisation and work of the administrative organs.

Therefore the purpose of all these innovations and changes in the legal system is not the expansion and strengthening of the administration in the sense of extending its functions and fostering etatism. The prime objective of these changes and measures is to define precisely the status and role of the Administration and invest it with those powers and instruments which are at the same time necessary and justified for the fulfilment of those tasks with which the government organisation is confronted at present in ensuring the implementation of the law, economic plans and other measures enacted by the People's Assemblies, Committees and their executive organs. It is only when thus conceived and organised that Government Administration may remain and become a positive element in the government machinery of socialist democracy.

USSR AND EUROPEAN NORTH

THE evolution of relations between Scandinavian countries and the Soviet Union, which has been accelerated during the last few months, shows that nothing more is needed at this stage for the improvement of East-West relations than a change of the general international atmosphere. Indeed, one could not say that the visits paid in succession by the Scandinavian Prime Ministers to the Soviet capital had come as a result of special offers to their countries by Soviet diplomacy. When Gromyko, on his way to Moscow, unexpectedly visited Stockholm a year ago, he was of course in a position to ask for fresh information about the Swedish policy of non-alignment - information which had perhaps started to haunt Soviet diplomacy - but there was no indication of an intention to extract from Swedish policy more than it was prepared to yield, that is to try to "win it over", as well as other Scandinavian countries, for the political plans of the East, as some Western papers - though not the most serious ones - seemed to believe.

Actually the improvement of relations between Scandinavia and the USSR has lately been facilitated by the fact that in some of these countries, especially in Sweden, no ideological-political reasons led to the remarkable cautious attitude taken towards the Eastern neighbour. These reasons were entirely of a practical and defensive nature, and of these the Soviet attitude towards Finland played almost the principal role. Even as early as two years ago, Swedish politicians inclined to the view that the policy of non-alignment could be pursued also because it was not so disturbing to Moscow and did not give rise to fear of "encirclement". In other words, they were not willing to blame only the East for the world tension, although they did not agree with the Soviet foreign policy.

As a result of post-war conditions, Finland saw the complete maturing of the idea of long-term neutrality which was to include normal relations with the Eastern neighbour. Norway and Denmark, however, are members of the Atlantic Pact. They decided to join this military pact after the events of 1948 when security seemed the most important task of every Western European and, above all of North European government. But the Norwegian and Danish policies have strong neutral tendencies. This does not mean that these countries could again become neutral in the old sense of the word. However, if the international tension relaxes, they could abandon the measures which had been called forth solely on account of the conflict between the great powers and adopt a more flexible policy.

There also exist other reasons why such countries as Norway and Denmark could show more interest in an all-round policy are 1956. What is primarily involved here

is economic interests. It is important, for Denmark especially that in addition to its British and German partners, it should also have a partner in the East, for reliance on Western partners alone creates a certain insecurity. Britain is not requiring so much agricultural products from Denmark as previously. Another reason is the general strengthening of Germany which the Danes and Norwegians fear. NATO - in the eyes of the German neighbours - is not only a weapon of defence against the East but also a body meant to neutralize Germany's strength. But NATO has not solved the German problem, nor limited the German strength as much as expected by the German neighbours - at least not economically. It is natural, therefore, that the Scandinavian countries should be acting the same way as France and endeavour to rely on their development and the strengthening of their own policy.

Such development, however, would have been impossible had not the Soviet Union revised its views on the countries which, while belonging to the West, see no possibility to join the group of countries headed by the Soviet Union. This important change of the Soviet policy in Northern Europe is a strong manifestation of a new positive process which is going on in Moscow.

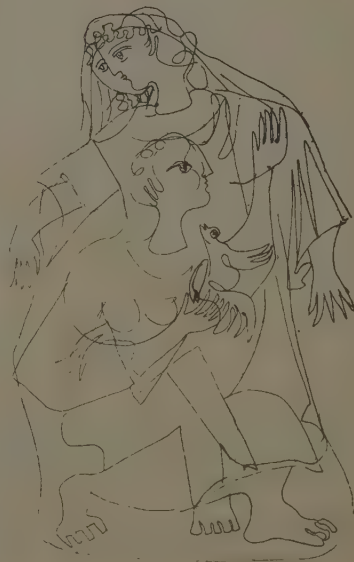
If one wanted to give a concise formulation of this change in Soviet views, it would be necessary above all to point to a certain gradual process. The first thing the Soviet Union did in its desire to improve relations with Scandinavia was to abandon its military bases in Finland, call off the "mare nostrum" game in the Baltic Sea (not so long before this, Swedish-Soviet incidents had occurred) and allow Finland to join the regional economic-cultural organization - the Nordic Alliance. This resulted in making the Scandinavian countries, whether members of NATO or keeping aloof of blocs, believe that they could devote themselves to strengthening their completely sovereign, independent regional cooperation, which also means strengthening the general positions of Scandinavia in Europe.

Then came Gerhardsen's trip to Moscow. In the talks with Gerhardsen, Soviet diplomacy in a sense endeavoured to realize its "optimal-programme". It asked - and received - a confirmation to the effect that Norway, as a NATO member, would not permit this organization to set up complete military bases on its territory. And yet, it soon was seen that Moscow did not resort to pressure: one would rather say that Norway confirmed this because it really had no wish to see foreign bases set up on its territory.

The novelty in Premier Hansen's visit which followed, and in the communiqué which was issued after the Danish-Soviet talks is that, in referring to the improvement of the relations between the two

countries no mention was made of the problem of "political adhesion". Membership in the opposite bloc is no longer an obstacle for cooperation - says the Soviet press. In keeping with this premise, Denmark, far from being asked to confirm its resistance to the setting up of military bases on its territory, is not even required to turn down offers, on the basis of commercial agreements, for the construction of ships which might be considered as strategic material, for the other side. Relations are developing fully within the limits agreeable to Denmark. The lesson to be drawn from the Soviet-Scandinavian relations is that they are being normalized and strengthened without any party renouncing their conceptions. Norway and Denmark remain NATO members - although they are probably among those who will demand that NATO devote itself more to non-military cooperation - while the Soviet Union will retain its views about the West. But within such frameworks, countless channels for cooperation have been discovered. This will probably be manifested even more emphatically when Bulganin and Khrushchev return the visit to the Scandinavian Premiers. All this shows how much can be achieved when practical cooperation is given precedence over the realization of "extreme goals".

J. G.



ECONOMIC EXPANSION OF WESTERN GERMANY

Vlada MILENKOVIĆ

THE basic indices of West German economic activities reveal a steady upward bias which is comparatively stronger than in the case of the other Western European countries, thus enhancing the importance of the former in world economy and on the world market, while aggravating the contradictions inherent to the increasing competitive power of Western Germany, namely, its expansion to foreign markets. Both from the economic and political standpoint this is today the most interesting aspect of Western Germany's economic expansion, a factor which plays an increasingly important part in international political relations, particularly within the European framework. Western Germany's economy emerged some time ago from its gradual but no less rapid post-war integration in world economy and the world market, while currently embarking on a phase of ever broader expansion.

The industrial production indices of the leading competitors on the world market are as follows: (1952 = 100)

	1953	1954	1955
Western Germany	108	122	142
Great Britain	105	113	118
France	98	107	111
USA	108	101	112
OEEC countries	105	115	125

Consequently the West German rate of increase of industrial production during this period was much higher than in all the countries listed above and the average of all OEEC countries. This circumstance can also be illustrated by the data on the structure of gross products, namely, the differences which prevail in that respect between Western Germany and the other countries. The share of private consumption in the gross product of Western Germany is comparatively lower than in the other countries, while the share of capital accumulation (together with depreciation) is the highest. The share of private consumption in the 1954 gross product amounted to 56% as compared to a 66% average for all OEEC countries, while the rate of gross capital formation is 21%, as against 17% in the OEEC countries or 13% in Britain, 14% in France, etc.

The exceptional position of Western Germany as regards the rate of gross capital accumulation is vividly illustrated by the following survey: (in % compared to 1950).

	1953	1954	1955
Western Germany	15	29	51
Great Britain	12	18	24
France		10	22
USA	4	5	13
All OEEC countries	9	19	29

The explanation of this exceptionally high rate of capital formation should primarily be sought in the labour market situation. Apart from Italy, Western Germany is the second Western European country with a comparatively high unemployment level.

Annual average unemployment (in thousands)

	1951	1952	1953	1954	1955
Western Germany	1,431	1,381	1,252	1,211	950
Italy	1,721	1,850	1,947	1,959	1,910
Great Britain	264	368	356	303	240
France	180	200	270	331	300

Such a situation inevitably influenced the labour market.

This is also confirmed by data on wages and workhours. Western Germany has the comparatively longest work week. In the third quarter of 1955, Western Germany had a 49-hour-week as against 44.8 in France, 46.3 in Great Britain or 40.9 in the USA. The wage index numbers (1953=100) in Western Germany during the same period amounted to 110 against 117 in France,

113 in Britain etc. It should be borne in mind in this connection that the absolute wage levels were appreciably higher in 1953 in both aforementioned countries than in Western Germany. In 1956 industrial labour productivity rose by 30% per hour, namely 28% per man hour as compared to the 1936 level: this increase averages 39% i. e. 32% in the key industries, being particularly sharp in the automobile industry, (64 and 52%), and 90% i. e. 82% in some branches of the food industry. From 1950 to December 1955 employment in industry rose by almost 40%, while industrial output increased by 93%.

In connection with the growth and components of internal expansion it is also necessary to call attention to the data on the increase of banking capital and the establishment of a money and capital market. The assets and liabilities of all crediting institutions, including also the Central Bank, from December 1952 to December 1955 increased from less than 60 to 108 billion DM. The credits granted to economy, not including inter-banking credits rose from 38.2 to 78.1 billion DM. in the same period. The role of self-financing within enterprises (by retaining a part of the profits realized, increased depreciation and amortization, price differences between sale and production prices as well as the role of the State in investments also increased appreciably.

Needless to say such an internal development was inevitably reflected in quantitative and qualitative expansion on the world market, all the more so as Western Germany was so far exempt from defence expenditure, apart from the contributions paid for the maintenance of foreign troops stationed in Germany; the latter burden was notably alleviated, however, by the purchases effected on the home market. Not only did the volume of Western Germany's foreign trade register a notable increase, but its growing competitive power on the world market was being felt to an ever greater degree. This effect was all the stronger as the conquest of already heavily occupied markets was in question, so that every new success was won at the expense of other competitors, as the unsolved problems of international financing and extension of economic assistance to the insufficiently developed countries prevented the indispensable increase of the purchasing power of the latter to be achieved. Thus in 1955 Western Germany restored its pre-war position on the list of world exporters, as a sure third.

Western Germany's Foreign Trade Index Numbers by Value

	EXPORTS	IMPORTS
	(1950 100)	
1951	174.7	130.0
1952	203.6	143.3
1953	222.9	141.5
1954	265.0	171.6
1955	309.6	215.9

Consequently exports grew at a far more rapid rate than imports. While exports accounted for 8.3% of total turnover in 1950, this ratio rose to 13.1% in 1955. In other words, one seventh of Western Germany's production is directed towards the world market. The greatest stress is laid on investment goods which accounted for 52% of aggregate exports. Industrial semi-manufactured products accounted for 27% of aggregate exports, followed by ores and mining products with 7.7%, and industrial consumer goods with 11.1%. The foregoing shows the unusually favourable structure of German exports which coincides with the present structure of world imports and the growing demand for means of production on the world market. Four fifths of Western Germany's aggregate exports are supplied by ten industrial branches i. e.: the machine industry 19.3%, chemical industry 12.5%, automobile industry 6.9%, electric engineering industry 6.9%, mining 8.2%, metal industry 6.4%, textile industry 5.4%, ferrous and non-ferrous metallurgy 4.6%, shipbuilding 4.2, precision mechanics

and optical instruments 2.9%, thus accounting for 80.1% of the country's exports. The structure of exports at the same time indicates the sectors where West German competition is the most keenly felt.

Apart from an unusually favourable structure of exports, the no less favourable price ratio between exports and imports which is also reflected in the volume of deliveries exchanged is another characteristic of Western Germany's foreign trade. In this respect Western Germany enjoys an exceptionally privileged position among the other Western countries from which she reaps enormous benefits, being in a position to receive large quantities of imports against a comparatively smaller volume of exports. Western Germany's terms of trade (ratio of average export and import values) varied from 112 to 115% in 1955. This means in practice that Western Germany realised 15% more imports per unit of exports, or conversely that it delivered 15% less exports per unit of imports, thus being in a position to maintain imports at the necessary level without difficulty while earning sizeable surpluses in her balance of trade and payments, b sharply increasing exports and hence appearing as a creditor in international trade. The balance sheet of the German Central Bank (Bank Deutscher Länder) shows the following gold and exchange reserve situation in the 1952-1956 period:

	December 31, 1952 (in million DM)	February 15, 1956
Gold	587.0	4,150.9
Exchange (assets and claims with foreign banks)	3,971.5	8,545.6
Foreign bills of exchange and cheques	336.0	662.0
Total	4,894.5	13,358.5

Hence gold and exchange reserves increased by 172% during the past three years. They are higher today than the banknote circulation (12.2 billion DM on February 15, 1956) and the British monetary reserves for instance. This enabled Western Germany, needless to say in addition to other factors, to assume the role of creditor in world trade and to begin its gradual integration in world economy as a capital exporter.

The Ministry for Economic Affairs recently published the following data on capital exports from Western Germany (in the form of establishing branch offices, and participation in the implementation of various projects abroad): 27.6 million DM in 1952, 132.5 in 1953, 204.5 in 1954, 457.1 in 1955, namely a total of 821.8 million DM during the respective four year period.

The following data illustrate the expansion of Western Germany's exports to individual regions of the world and the changes that occurred in the 1950/55 period: (in million DM).

	1950	1955	%
To EPU member countries	6,316	15,775	149.7
To Latin America	652	2,146	229.1
Africa	84	422	402.3
Asia	189	1,034	447.0
USA and Canada	474	1,410	197.4
Other countries	647	4,904	657.0

Apart from their strong rate of increase the German exports also showed a great penetrating power in the conquest of all world markets. In the aforementioned period, for instance, Germany's exports to the countries of the sterling area almost trebled, while showing a no less vigorous increase as regards other overseas territories under the control of Western European countries. The German foreign trade activities in Asia, Africa and Latin America have already yielded notable results which are followed by preparations for a still deeper penetration. Trade missions sent out to the countries of Asia and Latin America are paving the way for a still more intense activity in these regions. Nor have the Eastern European countries and China, which are receiving ever greater attention, been overlooked in the expansion programme.

From 1950 to 1955 the comparative share of Western Germany in world exports of industrial goods (without the Soviet Union, Eastern European countries and China) rose from 7.3 to

15.3, while the share of Great Britain dropped from 25.7% to hardly 20%. This also explains the fact that the loudest complaints against German competition are being voiced on the British side. The New York "Herald Tribune" of March 18 noted that renewed West German industrial exports have dealt a heavy blow to British trade, having driven out British products from many parts of the world. The paper further noted that certain symptoms indicate that Western Germany's interference in British overseas trade in some areas will continue in the future and that Britain will continue to be threatened by German industrial efficiency and aggressive trade methods: This view is substantiated by the following comparative survey of the rate of increase of the volume of Western Germany's and Great Britain's exports:

1950	100	Great Britain	Western Germany
Year	1951	101	143
	1952	95	154
	1953	98	180
	1954	104	233

Western Germany was first with 2,930 million dollars in inter-European exchange and imports in the January-September period, followed by Great Britain with one billion dollars while the other Western European countries lagged behind. Inter-European trade plays a far more important part in Western Germany's foreign trade than before the war. It is perhaps to this fact that her keen interest in a common Western European market may be attributed. Western Germany has by far outstripped Great Britain as the purveyor of machinery to most Western European countries, particularly as regards electric machines and motor vehicles. Western Germany also began of late forcing out British textiles from these markets and maintains an unusually strong position in the export of coke, coal and ships: she has likewise overtaken Great Britain in the production of crude steel, having become the foremost European producer of this article, while winning third place on the list of world producers, immediately after the USA and the Soviet Union.

As for exports to the dollar area, Western Germany does not lag behind Great Britain. In the January-September period of 1955 British exports to these areas amounted to 786 against Western Germany's 502 million dollars. Western Germany's exports to these areas represent an ever greater obstacle to British foreign trade. Western Germany is the leading European exporter to the non-dollar countries of Latin America, with 171 million dollars, as compared to 109 dollars' worth of goods delivered by Great Britain, 129 by France etc. So far, Great Britain succeeded in preserving her dominant positions on the sterling markets, although Western Germany's penetration is steadily increasing in this sphere as well. Among the exporter countries to the sterling area and the overseas territories of the European countries in general, Western Germany assumed the third place in 1955, being second only to Great Britain and France.

Of late the slogan of joint action against the Soviet "economic offensive" is being actively indorsed in Western Germany's economic and political circles. It is stressed that the country's trade expansion under the new conditions should be inspired by political considerations and oriented towards the territories which are considered the most "threatened" etc. The eminent representative of the German heavy industry, Krupp, who is heading a trade mission touring Latin America, submitted a plan on the "counteracting of Soviet competition" etc. While not embarking on an analysis of these latest intentions, we think that they should primarily be interpreted as an attempt to profit by the artificially created situation in East-West relations for a still easier and broader penetration on the world market and the elimination of obstacles which might eventually arise on those sides which actually consider themselves threatened by West German competition.

All data for this article have been drawn from: Seventh Report of OEEC 1956; Wirtschaft und Statistik, Februar 1956; Monatsberichte der Bank Deutscher Länder, Februar 1956; Economic Survey of Europe in 1955.

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